

**REPORT OF THE AUDIT OF THE
BARREN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2007**



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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Davie D. Greer, Barren County Judge/Executive
Members of the Barren County Fiscal Court

The enclosed report prepared by Ross & Company, PLLC, presents the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements.

We engaged Ross & Company, PLLC to perform the audit of these financial statements. We worked closely with the firm during our report review process; Ross & Company, PLLC evaluated the Barren County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BARREN COUNTY FISCAL COURT

June 30, 2007

Ross & Company, PLLC has completed the audit of the Barren County Fiscal Court for fiscal year ended June 30, 2007.

We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information financial statements of Barren County, Kentucky.

Financial Condition:

The fiscal court had total net assets of \$9,756,801 as of June 30, 2007. The fiscal court had unrestricted net assets of \$3,177,458 in its governmental activities as of June 30, 2007, with total net assets of \$9,641,225. In its business-type activities, total net cash and cash equivalents were \$75,528 with total net assets of \$115,576. The fiscal court had total debt principal as of June 30, 2007 of \$6,687,618 with \$352,958 due within the next year.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities.

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To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Davie D. Greer, Barren County Judge/Executive
Members of the Barren County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Barren County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Barren County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the modified cash basis of accounting.

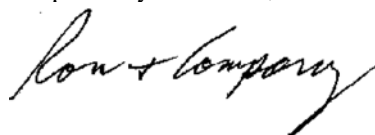
The County has not presented the management's discussion and analysis that the Government Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be a part of, the basic financial statements. The Budgetary Comparison Information is not required part of the basic financial statement but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit the information and express no opinion on it.

To the People of Kentucky
Honorable Steven L. Beshear, Governor
Jonathan Miller, Secretary
Finance and Administration Cabinet
Honorable Davie D. Greer, Barren County Judge/Executive
Members of the Barren County Fiscal Court

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barren County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2008, on our consideration of Barren County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ross & Company".

Ross & Company, PLLC
Certified Public Accountants

February 5, 2008

BARREN COUNTY OFFICIALS

For The Year Ended June 30, 2007

Fiscal Court Members:

Davie D. Greer	County Judge/Executive
Krissie Coe Fields, through May 31, 2006	Magistrate
Billy Houchens, beginning June 1, 2006	Magistrate
Robert T. Groce, through December 31, 2006	Magistrate
Rickey Spillman, beginning January 1, 2007	Magistrate
Carl H. Dickerson	Magistrate
Thomas Matthews	Magistrate
Howard N. Bowman, Jr.	Magistrate
Charles Allen	Magistrate
Dr. Steven M. Welborn, through December 31, 2006	Magistrate
Carlie Coe, Jr., beginning January 1, 2007	Magistrate

Other Elected Officials:

Jeff Sharp	County Attorney
Leland Cox	Jailer
Pamela S. Browning	County Clerk
Chris Eaton, beginning December 30, 2006	Sheriff
Barney E. Jones, through December 29, 2006	Sheriff
Brad Bailey	Property Valuation Administrator
Michael T. Swift	Coroner

Appointed Personnel:

Karen Bracken, through May 31, 2007	County Treasurer
Denise Riddle, beginning June 1, 2007	County Treasurer
Nancy Houchens	Payroll Officer
Sherry J. Jones	Finance Officer

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BARREN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2007

BARREN COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2007

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,190,225	\$ 75,528	\$ 3,265,753
Investments	583,686		583,686
Total Current Assets	3,773,911	75,528	3,849,439
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land and Land Improvements	925,357		925,357
Buildings	8,304,734		8,304,734
Other Equipment	1,022,333		1,022,333
Vehicles and Equipment	621,856	40,048	661,904
Infrastructure Assets - Net of Depreciation	1,680,652		1,680,652
Total Noncurrent Assets	12,554,932	40,048	12,594,980
Total Assets	16,328,843	115,576	16,444,419
LIABILITIES			
Current Liabilities:			
Bonds Payable	140,000		140,000
Revenue Bonds Payable	135,000		135,000
Financing Obligations Payable	77,958		77,958
Total Current Liabilities	352,958		352,958
Noncurrent Liabilities:			
Bonds Payable	2,395,000		2,395,000
Revenue Bonds Payable	3,880,000		3,880,000
Financing Obligations Payable	59,660		59,660
Total Noncurrent Liabilities	6,334,660		6,334,660
Total Liabilities	6,687,618		6,687,618
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,867,314	40,048	5,907,362
Restricted For:			
Capital Projects	554,682		554,682
Debt Service	41,771		41,771
Unrestricted	3,177,458	75,528	3,252,986
Total Net Assets	\$ 9,641,225	\$ 115,576	\$ 9,756,801

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2007

BARREN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,044,665	\$	\$ 2,094,550	\$
Protection to Persons and Property	2,423,720	963,212	759,042	
General Health and Sanitation	568,180	11,750	78,971	
Social Services	81,397			
Recreation and Culture	572,766			
Roads	1,975,586		1,656,189	568,614
Debt Service	454,079			
Total Governmental Activities	10,120,393	974,962	4,588,752	568,614
Business-type Activities:				
Jail Canteen	517,125	528,040		
Total Business-type Activities	517,125	528,040		
Total Primary Government	\$ 10,637,518	\$ 1,503,002	\$ 4,588,752	\$ 568,614
General Revenues:				
Taxes:				
Real Property Taxes				
Personal Property Taxes				
Motor Vehicle Taxes				
Other Taxes				
License and Permits				
Interest Income				
Unrestricted Investment Earnings				
Miscellaneous Revenues				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning (Restated)				
Net Assets - Ending				

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2007
(Continued)

Net (Expenses) Revenues and Changes in Net Assets Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (1,950,115)	\$	\$ (1,950,115)
(701,466)		(701,466)
(477,459)		(477,459)
(81,397)		(81,397)
(572,766)		(572,766)
249,217		249,217
(454,079)		(454,079)
<u>(3,988,065)</u>		<u>(3,988,065)</u>
	10,915	10,915
	<u>10,915</u>	<u>10,915</u>
<u>\$ (3,988,065)</u>	<u>\$ 10,915</u>	<u>\$ (3,977,150)</u>
1,998,170		1,998,170
254,694		254,694
336,010		336,010
1,300,412		1,300,412
159,532		159,532
106,016		106,016
	1,357	1,357
378,995		378,995
<u>4,533,829</u>	<u>1,357</u>	<u>4,535,186</u>
545,764	12,272	558,036
<u>9,095,461</u>	<u>103,304</u>	<u>9,198,765</u>
<u>\$ 9,641,225</u>	<u>\$ 115,576</u>	<u>\$ 9,756,801</u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2007

BARREN COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2007

	General Fund	Road Fund	Jail Fund	Recreation Department Fund	Barren County Government Center Construction Fund
ASSETS					
Cash and Cash Equivalents	\$ 2,024,727	\$ 852,727	\$ 91,741	\$ 2,686	\$ 64,682
Investments					490,000
Total Assets	<u>2,024,727</u>	<u>852,727</u>	<u>91,741</u>	<u>2,686</u>	<u>554,682</u>
FUND BALANCES					
Reserved for:					
Encumbrances	31,422	247,765	38,105		
Unreserved:					
General Fund	1,993,305				
Special Revenue Funds		604,962	53,636	2,686	
Capital Projects Fund					554,682
Debt Service Fund					
Total Fund Balances	<u>\$ 2,024,727</u>	<u>\$ 852,727</u>	<u>\$ 91,741</u>	<u>\$ 2,686</u>	<u>\$ 554,682</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2007

(Continued)

Public Properties Corporation	Non-Major Governmental Funds	Total Governmental Funds
\$ 41,771	\$ 111,891	\$ 3,190,225
	93,686	583,686
41,771	205,577	3,773,911
		317,292
		1,993,305
	205,577	866,861
		554,682
41,771		41,771
\$ 41,771	\$ 205,577	\$ 3,773,911

Reconciliation to the Statement of Net Assets:

Total Fund Balances	\$ 3,773,911
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used In Governmental Activities Are Not Financial Resources And Therefore Are Not Reported In The Funds.	16,110,179
Accumulated Depreciation	(3,555,247)
Long-term Debt Is Not Due And Payable In The Current Period And, Therefore, Is Not Reported In The Funds.	
Financing Obligations	(137,618)
Revenue Bonds	(4,015,000)
Bonded Debt	(2,535,000)
Net Assets Of Governmental Activities	\$ 9,641,225

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

BARREN COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>	<u>Recreation Department Fund</u>
REVENUES				
Taxes	\$ 3,727,786	\$	\$	\$
In Lieu Tax Payments	88,421			
Licenses and Permits	159,531			
Intergovernmental	2,474,540	2,179,122	1,010,528	
Charges for Services			166,297	
Miscellaneous	154,055	34,893	173,117	
Interest	63,418	16,517	358	50
Total Revenues	<u>6,667,751</u>	<u>2,230,532</u>	<u>1,350,300</u>	<u>50</u>
EXPENDITURES				
General Government	2,542,114			
Protection to Persons and Property	1,017,121		1,334,272	
General Health and Sanitation	530,204	26,985		
Social Services	70,800			
Recreation and Culture	512,939			57,996
Roads		2,127,953		
Debt Service	473,448	30,825	6,263	
Administration	876,152	172,602	387,155	121
Total Expenditures	<u>6,022,778</u>	<u>2,358,365</u>	<u>1,727,690</u>	<u>58,117</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>644,973</u>	<u>(127,833)</u>	<u>(377,390)</u>	<u>(58,067)</u>
Other Financing Sources (Uses)				
Financing Obligation Proceeds	63,644			
Transfers From Other Funds			482,830	53,000
Transfers To Other Funds	(533,000)		(77,195)	
Total Other Financing Sources (Uses)	<u>(469,356)</u>		<u>405,635</u>	<u>53,000</u>
Net Change in Fund Balances	175,617	(127,833)	28,245	(5,067)
Fund Balances - Beginning (Restated)	1,849,110	980,560	63,496	7,753
Fund Balances - Ending	<u>\$ 2,024,727</u>	<u>\$ 852,727</u>	<u>\$ 91,741</u>	<u>\$ 2,686</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2007
(Continued)

Barren County			
Government			
Center	Public	Non-Major	Total
Construction	Properties	Governmental	Governmental
Fund	Corporation	Funds	Funds
\$	\$	\$	\$
			3,727,786
			88,421
			159,531
	256,600	97,000	6,017,790
		21,322	187,619
		16,930	378,995
17,259	2,726	5,687	106,015
<u>17,259</u>	<u>259,326</u>	<u>140,939</u>	<u>10,666,157</u>
		5,558	2,547,672
		26,304	2,377,697
			557,189
		10,597	81,397
			570,935
		136,886	2,264,839
	329,770		840,306
			1,436,030
	<u>329,770</u>	<u>179,345</u>	<u>10,676,065</u>
17,259	(70,444)	(38,406)	(9,908)
			63,644
	77,195		613,025
		(2,830)	(613,025)
	<u>77,195</u>	<u>(2,830)</u>	<u>63,644</u>
17,259	6,751	(41,236)	53,736
537,423	35,020	246,813	3,720,175
<u>\$ 554,682</u>	<u>\$ 41,771</u>	<u>\$ 205,577</u>	<u>\$ 3,773,911</u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

BARREN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 53,736
Governmental Funds Report Capital Outlays As Expenditures. However, In The Statement Of Activities The Cost Of Those Assets Are Allocated Over Their Estimated Useful Lives And Reported As Depreciation Expense.	
Capital Outlay	659,076
Depreciation Expense	(413,278)
Disposal of Captial Assets, Net Book Value	(76,353)
Financing Obligation Proceeds Are A Current Source To Governmental Funds While Financing Obligations And Bond Principal Payments Are Expensed In The Governmental Funds As A Use Of Current Financial Resources However, These Transactions Have No Effect On Net Assets.	
Financing Obligations Proceeds	(63,644)
Revenue Bond Payments	130,000
Financing Obligations Payments	121,227
General Obligation Bond Payments	135,000
Change In Net Assets Of Governmental Activities	<u>\$ 545,764</u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2007

BARREN COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2007

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 75,528
Total Current Assets	<u>75,528</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles and Equipment	66,463
Less Accumulated Depreciation	<u>(26,415)</u>
Total Noncurrent Assets	<u>40,048</u>
Total Assets	<u>115,576</u>
Fund Net Assets	
Invested in Capital Assets,	
Net of Related Debt	40,048
Unrestricted	<u>75,528</u>
Total Net Assets	<u><u>\$ 115,576</u></u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

BARREN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Operating Revenues	
Canteen Receipts	\$ 528,040
Total Operating Revenues	<u>528,040</u>
Operating Expenses	
Cost of Sales	92,351
Educational and Recreational	820
Personnel Costs	28,358
Depreciation	4,827
Repairs and Maintenance	5,296
Auto Fuel	11,716
Miscellaneous	6,939
Total Operating Expenses	<u>150,307</u>
Operating Income	<u>377,733</u>
Nonoperating Revenues (Expenses)	
Interest Income	1,357
Booking Fees	(315,274)
Capital Asset Disposal	(4,856)
Inmate Pay From State	(5,819)
Inmate Refunds	(40,869)
Total Nonoperating Revenues (Expenses)	<u>(365,461)</u>
Change In Net Assets	12,272
Total Net Assets - Beginning	<u>103,304</u>
Total Net Assets - Ending	<u><u>\$ 115,576</u></u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS
For The Year Ended June 30, 2007

BARREN COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2007

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Cash Flows From Operating Activities	
Receipts From Customers	\$ 528,040
Cost of Sales	(92,351)
Educational and Recreational	(820)
Personnel Costs	(28,358)
Repairs and Maintenance	(5,296)
Auto Fuel	(11,716)
Miscellaneous	(6,939)
Net Cash Provided By Operating Activities	<u>382,560</u>
Cash Flows From Noncapital Financing Activities	
Booking Fees	(315,274)
Inmate Pay From State	(5,819)
Inmate Refunds on Accounts	(40,869)
Net Cash Used By Noncapital Financing Activities	<u>(361,962)</u>
Cash Flows From Capital and Related Financing Activities	
Equipment	(21,180)
Net Cash Provided By Capital and Related Financing Activities	<u>(21,180)</u>
Cash Flows From Investing Activities	
Interest Earned	1,357
Net Cash Provided By Investing Activities	<u>1,357</u>
Net Increase (Decrease) in Cash and Cash Equivalents	775
Cash and Cash Equivalents - July 1, 2006	<u>74,753</u>
Cash and Cash Equivalents - June 30, 2007	<u><u>\$ 75,528</u></u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - MODIFIED CASH BASIS
For The Year Ended June 30, 2007
(Continued)

	Business-Type Activities - Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	Jail Canteen Fund
Operating Income (Loss)	\$ 377,733
Adjustments to Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities	
Depreciation Expense	<u>4,827</u>
Net Cash Provided By Operating Activities	<u>\$ 382,560</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2007

BARREN COUNTY
STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS

June 30, 2007

	Agency Funds	
	Total	
	Agency	
	Funds	
Assets		
Current Assets:		
Cash and Cash Equivalents	\$	6,588
Total Assets		6,588
Liabilities		
Amounts Held In Custody For Others		6,588
Total Liabilities	\$	6,588

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

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BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances), if applicable.

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Barren County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented. Barren County has no discretely presented component units.

Blended Component Unit

The following, legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

Barren County Public Properties Corporation

The Barren County Fiscal Court appoints a voting majority of the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Properties Corporation.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Barren County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Barren County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Barren County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Recreation Department Fund - This fund is for improvements and maintenance of a county park. The primary sources of revenue for this fund are grants from the state and federal government and private donations.

Barren County Government Center Construction Fund - The primary purpose of this fund is the acquisition or improvement of major capital facilities. The primary source of revenue for this fund is interest earned on investments.

Public Properties Corporation - The primary purpose of this fund is to service the 1998 Series debt issued to construct the courthouse annex and to renovate the jail.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, Federal Drug Forfeiture Fund, Hiseville Cemetery Fund, and the Work Release Fund.

Special Revenue Funds:

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Recreation Department Fund, Federal Drug Forfeiture Fund, Hiseville Cemetery Fund, and Work Release Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Capital Projects Fund:

The Barren County Government Center Construction Fund is presented as a capital projects fund. Capital projects funds are to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund:

The Public Properties Corporation is presented as a debt service fund. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Governmental Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Fiduciary Funds (Continued)

The primary government reports the following fiduciary fund:

Tax Escrow Funds - These fund accounts are used to account for surplus funds received from the Sheriff. If these funds are not claimed, they will be turned over to the Kentucky State Treasurer in accordance with KRS 393.090 and KRS 392.110.

E. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). Investments are recorded at cost and changes in fair market value of investments are not recorded.

F. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Machinery and Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance, if applicable.

I. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

J. Related Organizations, Joint Venture, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Barren County Fiscal Court: Barren County Extension District.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

J. Related Organizations, Joint Venture, and Jointly Governed Organizations (Continued)

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following are considered joint ventures of the Barren County Fiscal Court: Joint City County Planning and Zoning Commission, Ambulance Service Corporation, Inc., Barren-Metcalf Emergency Communications Center, Barren County Tourism and Convention Center, and Barren Information Technology Systems.

A regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility is a jointly governed organization. Based on these criteria, the following are considered jointly governed organizations of the Barren County Fiscal Court: Glasgow-Barren County Animal Shelter Board (Animal Shelter), and Glasgow-Barren County Industrial Development and Economic Authority (Industrial Development).

Note 2. Deposits and Investments

A. Deposits

The primary government and component units maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) in accordance with KRS 66.480 (1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County's deposit may not be returned to it. The County does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2007, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments

As of June 30, 2007, the County had the following investments:

Investments	Maturity	Cost	Rating	Concentration
Federal National Mortgage Association	10/12/2007 - 12/15/2008	\$ 288,897	AAA	0.50
Federal Home Loan Bank Notes	1/23/2008	250,000	AAA	0.43
Federal Home Loan Mortgage Corp	6/15/2008	24,833	AAA	0.04
U. S. Treasury Notes	9/30/2008	19,956	AAA	0.03
Total		<u>\$ 583,686</u>		<u>1.00</u>

Interest Rate Risk

The County does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates.

Credit Risk and Concentration of Credit Risk

KRS 66.480 limits the County's investments in the following: obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, obligations and contracts for future delivery or purchase of obligations backed by the United States or its agencies and obligations of any corporation of the United States Government. Certificates of Deposit issued by or other interest-bearing accounts of any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency. Banker's acceptances for banks rate in one of the three highest categories by a nationally recognized rating agency. Commercial paper rated in the highest category by a nationally recognized rating agency. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities. Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States and rated in one of the three highest categories by a nationally recognized rating agency. Shares of mutual funds meeting specific characteristics outlined in the statute shall be eligible investments. Also, the County is limited to investing no more than 20% in any one of the following investments as allowed by KRS 66.480: Uncollateralized certificates of deposit issued by a bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency; Banker's acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency; Commercial paper rated in the highest category by a nationally recognized rating agency; or Securities issued by a state or local government or any other instrumentality or agency, thereof, in the United States and rated in one of the three highest categories by a nationally recognized rating agency. The County had no investment policy that would further limit its investment choices. In general, U.S. government obligations or obligations guaranteed by the U.S. government are not subject to investment credit risk or concentration of credit risk. Please see the table above for credit rating and concentration of credit risk.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the county will not be able to recover the value of its investments held in the possession of an outside party. The County does not have an investment policy for custodial credit risk. Although investments are recorded at cost, fair market value of the investments with Hilliard Lyons was \$485,291 as of June 30, 2007. As of June 30, 2007, the fair market value of the investments were not exposed to custodial credit risk.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 925,357	\$	\$	\$ 925,357
Total Capital Assets Not Being Depreciated	925,357			925,357
Capital Assets, Being Depreciated:				
Buildings (Restated)	10,065,806			10,065,806
Other Equipment (Restated)	1,867,503	51,076	(5,443)	1,913,136
Vehicles and Equipment (Restated)	1,126,880	147,586	(123,722)	1,150,744
Infrastructure	1,594,722	460,414		2,055,136
Total Capital Assets Being Depreciated	14,654,911	659,076	(129,165)	15,184,822
Less Accumulated Depreciation For:				
Buildings	(1,610,020)	(151,052)		(1,761,072)
Other Equipment	(816,651)	(77,826)	3,674	(890,803)
Vehicles and Equipment	(522,802)	(55,224)	49,138	(528,888)
Infrastructure	(245,308)	(129,176)		(374,484)
Total Accumulated Depreciation	(3,194,781)	(413,278)	52,812	(3,555,247)
Total Capital Assets, Being Depreciated, Net	11,460,130	245,798	(76,353)	11,629,575
Governmental Activities Capital Assets, Net	<u>\$ 12,385,487</u>	<u>\$ 245,798</u>	<u>\$ (76,353)</u>	<u>\$ 12,554,932</u>
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Vehicles and Equipment	\$ 64,763	\$ 21,180	\$ (19,480)	\$ 66,463
Total Capital Assets Being Depreciated	64,763	21,180	(19,480)	66,463
Less Accumulated Depreciation For:				
Vehicles and Equipment	(36,212)	(4,827)	14,624	(26,415)
Total Accumulated Depreciation	(36,212)	(4,827)	14,624	(26,415)
Total Capital Assets, Being Depreciated, Net	28,551	16,353	(4,856)	40,048
Business-Type Activities Capital Assets, Net	<u>\$ 28,551</u>	<u>\$ 16,353</u>	<u>\$ (4,856)</u>	<u>\$ 40,048</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 3. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$	158,383
Protection to Persons and Property		54,764
General Health and Sanitation		10,991
Recreation & Culture		1,831
Roads		187,309

Total Depreciation Expense - Governmental Activities	\$	413,278
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Business-Type Activities

Jail Canteen	\$	4,827
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Total Depreciation Expense - Business-Type Activities	\$	4,827
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Note 4. Short-Term Debt

In year ending June 30, 2007, Barren County participated in the Kentucky Association of Counties Kentucky Advance Revenue Program by issuing a note in the amount of \$304,800. The funds are invested in an interest bearing account that yields higher rates than the rate of financing.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Kentucky Advanced Revenue	\$	\$ 304,800	\$ 304,800	\$	\$
Governmental Activities					
Short-term Liabilities	\$ 0	\$ 304,800	\$ 304,800	\$ 0	\$ 0

Note 5. Long-term Debt

A. Mortgage Revenue Bonds, Series 1998 - Courthouse Renovation and Construction Project

The Barren County Public Properties Corporation, an agency and instrumentality of the fiscal court issued obligations; dated July 1, 1998 and payable in 30 annual installments beginning February 1, 2000, with semi-annual interest payments at varying rates from 3.9% to 5.0%. The Corporation issued the bonds for the purpose of financing the cost of renovations and improvements to the Barren County Courthouse. In order to obtain funding for the project, the Fiscal Court executed deeds conveying the land and properties upon which the project was located to the Corporation.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 5. Long-term Debt (Continued)

A. Mortgage Revenue Bonds, Series 1998 - Courthouse Renovation and Construction Project (Continued)

The Corporation has entered into a lease agreement with the Fiscal Court whereby the Fiscal Court has leased the Barren County Courthouse on an annual rental basis at a rental equal to the amount of interest on and principal of the bonds coming due and payable on February 1 and August 1 of each year. The Fiscal Court has an exclusive option to renew the lease each July 1. Should the Fiscal Court renew the lease until the bonds mature February 1, 2029, the Corporation will convey the Barren County Courthouse to the Fiscal Court. Should the Fiscal Court terminate the option to the lease, the Fiscal Court will give possession of the property to the Corporation for the benefit of the bondholders.

Although the Fiscal Court is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements of the bonds for each year the lease agreement is renewed, the Fiscal Court expects to receive payments for the use of the Barren County Courthouse from the Kentucky Judicial Branch, Administrative Office of the Courts (AOC). The AOC will pay directly to the trustee a portion of the Fiscal Court's annual rental in the form of a use allowance. As of June 30, 2007, bonds outstanding, attributable to the renovations and improvements of the Barren County Courthouse, were \$3,365,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 90,000	\$ 163,835
2009	95,000	159,875
2010	100,000	155,695
2011	105,000	151,195
2012	105,000	146,418
2013-2017	620,000	652,800
2018-2022	780,000	487,970
2023-2027	1,000,000	272,500
2028-2029	470,000	35,500
Totals	<u>\$ 3,365,000</u>	<u>\$ 2,225,788</u>

B. Mortgage Revenue Bonds, Series 1998 - Correction Center Project

The Barren County Public Properties Corporation, an agency and instrumentality of the fiscal court issued obligations; dated July 1, 1998 and payable in 20 annual installments beginning February 1, 2000, with semi-annual interest payments at varying rates from 3% to 4.8%. The Corporation issued the bonds for the purpose of financing the costs of renovations and improvements to the Barren County Corrections Center. In order to obtain funding for the project, the Fiscal Court executed deeds conveying the land and properties upon which the project was located to the Corporation.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 5. Long Term Debt (Continued)

B. Mortgage Revenue Bonds, Series 1998 - Correction Center Project (Continued)

The Corporation has entered into a lease agreement with the Fiscal Court whereby the Fiscal Court has leased the Barren County Corrections Center on an annual basis at a rental equal to the amount of interest on and principal of the bonds coming due and payable on February 1 and August 1 of each year. The Fiscal Court has an exclusive option to renew the lease each July 1. Should the Fiscal Court renew the lease until the bonds mature February 1, 2029, the Corporation will convey the Barren County Corrections Center to the Fiscal Court. Should the Fiscal Court terminate the option to the lease, the Fiscal Court will give possession of the property to the Corporation for the benefit of the bondholders. As of June 30, 2007, bonds outstanding were \$650,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 45,000	\$ 30,215
2009	50,000	28,235
2010	50,000	26,035
2011	55,000	23,785
2012	55,000	21,282
2013-2017	320,000	65,040
2018	75,000	3,600
Totals	<u>\$ 650,000</u>	<u>\$ 198,192</u>

C. General Obligation Bonds, Series 2000

The Fiscal Court issued obligations, dated May 15, 2000 and payable in 20 annual installments beginning May 1, 2001, with semi-annual interest payments at rates ranging from 5.35% to 5.50%. The Fiscal Court issued the bonds for the purpose of financing the cost of constructing a courthouse annex. As of June 30, 2007, bonds outstanding were \$2,535,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 140,000	\$ 137,370
2009	150,000	130,020
2010	155,000	122,145
2011	165,000	114,008
2012	170,000	105,346
2013-2017	1,005,000	377,756
2018-2020	750,000	84,150
Totals	<u>\$ 2,535,000</u>	<u>\$ 1,070,795</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 5. Long Term Debt (Continued)

D. Dump Trucks

On January 16, 2002, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of Dump Trucks. The principal was \$141,000 at an effective interest rate of 3.25% for a period of 5 years with interest paid monthly and principal paid annually. The principal outstanding was paid in full as of June 30, 2007.

E. Ambulances (Barren County Lease #5)

On February 26, 2004, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of an Ambulance. The principal was \$77,727 at an effective interest rate of 1.91% for a period of 3 years with interest paid monthly and principal paid annually. The principal outstanding was paid in full as of June 30, 2007.

F. Ambulances (Barren County Lease #6)

On July 28, 2005, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of Ambulances. The principal was \$132,642 at an effective interest rate of 3.37% for a period of 3 years with interest paid monthly and principal paid annually. The principal outstanding as of June 30, 2007, is \$52,642. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 48,000	\$ 1,408
2009	4,642	58
Totals	<u>\$ 52,642</u>	<u>\$ 1,466</u>

G. Stretchers (Barren County Lease #7)

On January 25, 2006, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of Stretchers. The principal was \$51,413 at an effective interest rate of 4.00% for a period of 3 years with principal and interest paid annually. The principal outstanding as of June 30, 2007, is \$29,378. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 17,374	\$ 1,156
2009	12,004	359
Totals	<u>\$ 29,378</u>	<u>\$ 1,515</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 5. Long Term Debt (Continued)

H. Resuscitation Equipment (Barren County Lease #8)

On September 27, 2006, Barren County entered into an agreement with Kentucky Association Of Counties Leasing Trust for the purchase of Stretchers. The principal was \$63,644 at a fixed interest rate for a period of 5 years with principal and interest paid monthly. The principal outstanding as of June 30, 2007, is \$55,598. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2008	\$ 12,584	\$ 2,660
2009	13,230	2,091
2010	13,908	1,405
2011	14,624	684
2012	1,252	23
Totals	<u>\$ 55,598</u>	<u>\$ 6,863</u>

Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 2,670,000	\$	\$ 135,000	\$ 2,535,000	\$ 140,000
Revenue Bonds	4,145,000		130,000	4,015,000	135,000
Financing Obligations	195,201	63,644	121,227	137,618	77,958
Governmental Activities					
Long-term Liabilities	<u>\$ 7,010,201</u>	<u>\$ 63,644</u>	<u>\$ 386,227</u>	<u>\$ 6,687,618</u>	<u>\$ 352,958</u>

Note 6. Interest On Long-term Debt, Financing Obligations, And Lease Payments

Debt Service on the Statement of Activities includes \$8,114 in interest on financing obligations and \$349,228 in interest on bonds. Operating lease payments are also included in debt service.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Note 7. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.19 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 28.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 8. Deferred Compensation

On September 4, 2002, the Barren County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 9. Insurance

For the fiscal year ended June 30, 2007, Barren County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Prior Period Adjustments

Beginning net assets of governmental activities has been restated by \$58,936 for capital asset adjustments from prior audit and \$345 for prior year checks voided in the current year. The general, road, and jail funds have also been restated by \$275, 35, and 35, respectively for prior year voided checks.

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2007

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2007

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,544,300	\$ 3,898,417	\$ 3,727,786	\$ (170,631)
In Lieu Tax Payments	92,500	96,200	88,421	(7,779)
Excess Fees	2,000	2,000		(2,000)
Licenses and Permits	115,000	154,425	159,531	5,106
Intergovernmental	2,309,650	2,663,468	2,474,540	(188,928)
Miscellaneous	104,800	153,356	154,055	699
Interest	20,500	60,500	63,418	2,918
Total Revenues	6,188,750	7,028,366	6,667,751	(360,615)
EXPENDITURES				
General Government	2,626,420	2,804,073	2,542,114	261,959
Protection to Persons and Property	973,800	1,124,489	1,017,121	107,368
General Health and Sanitation	533,722	581,365	530,204	51,161
Social Services	77,100	82,579	70,800	11,779
Recreation and Culture	504,700	530,316	512,939	17,377
Debt Service	462,620	493,709	473,448	20,261
Administration	840,800	2,128,077	876,152	1,251,925
Total Expenditures	6,019,162	7,744,608	6,022,778	1,721,830
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	169,588	(716,242)	644,973	1,361,215
OTHER FINANCING SOURCES (USES)				
Financing Obligation Proceeds		63,644	63,644	
Transfers To Other Funds	(1,166,665)	(1,166,665)	(533,000)	633,665
Total Other Financing Sources (Uses)	(1,166,665)	(1,103,021)	(469,356)	633,665
Net Changes in Fund Balance	(997,077)	(1,819,263)	175,617	1,994,880
Fund Balance - Beginning (Restated)	997,077	1,848,835	1,849,110	275
Fund Balance - Ending	\$	\$ 29,572	\$ 2,024,727	\$ 1,995,155

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2007
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,360,500	\$ 2,238,638	\$ 2,179,122	\$ (59,516)
Miscellaneous	100	33,454	34,893	1,439
Interest	3,000	14,800	16,517	1,717
Total Revenues	1,363,600	2,286,892	2,230,532	(56,360)
EXPENDITURES				
General Health and Sanitation	50,000	82,202	26,985	55,217
Roads	1,529,000	2,759,471	2,127,953	631,518
Debt Service	30,800	31,021	30,825	196
Administration	193,800	834,723	172,602	662,121
Total Expenditures	1,803,600	3,707,417	2,358,365	1,349,052
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(440,000)	(1,420,525)	(127,833)	1,292,692
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	440,000	440,000		(440,000)
Total Other Financing Sources (Uses)	440,000	440,000		(440,000)
Net Changes in Fund Balance		(980,525)	(127,833)	852,692
Fund Balance - Beginning (Restated)		980,525	980,560	35
Fund Balance - Ending	\$	\$	\$ 852,727	\$ 852,727

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2007
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 941,000	\$ 1,163,300	\$ 1,010,528	\$ (152,772)
Charges for Services	165,000	170,800	166,297	(4,503)
Miscellaneous	165,700	195,800	173,117	(22,683)
Interest	300	300	358	58
Total Revenues	<u>1,272,000</u>	<u>1,530,200</u>	<u>1,350,300</u>	<u>(179,900)</u>
EXPENDITURES				
Protection to Persons and Property	1,479,970	1,520,490	1,334,272	186,218
Debt Service	7,100	7,300	6,263	1,037
Capital Projects	10,000	10,000		10,000
Administration	414,400	695,341	387,155	308,186
Total Expenditures	<u>1,911,470</u>	<u>2,233,131</u>	<u>1,727,690</u>	<u>505,441</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(639,470)</u>	<u>(702,931)</u>	<u>(377,390)</u>	<u>325,541</u>
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	716,665	716,665	482,830	(233,835)
Transfers To Other Funds	<u>(77,195)</u>	<u>(77,195)</u>	<u>(77,195)</u>	
Total Other Financing Sources (Uses)	<u>639,470</u>	<u>639,470</u>	<u>405,635</u>	<u>(233,835)</u>
Net Changes in Fund Balance		(63,461)	28,245	91,706
Fund Balance - Beginning (Restated)		<u>63,461</u>	<u>63,496</u>	<u>35</u>
Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$ 91,741</u>	<u>\$ 91,741</u>

BARREN COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2007
(Continued)

RECREATION DEPARTMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
REVENUES			
Interest	\$	\$	\$ 50
Total Revenues			50
EXPENDITURES			
Recreation and Culture	9,900	70,628	57,996
Administration	100	125	121
Total Expenditures	10,000	70,753	58,117
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(10,000)	(70,753)	(58,067)
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	10,000	53,000	53,000
Total Other Financing Sources (Uses)	10,000	53,000	53,000
Net Changes in Fund Balances		(17,753)	(5,067)
Fund Balances - Beginning		7,753	7,753
Fund Balances - Ending	\$	\$ (10,000)	\$ 2,686
			\$ 12,686

BARREN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2007

Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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**BARREN COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information**

June 30, 2007

BARREN COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2007

	Local Government Economic Assistance Fund	Federal Drug Forfeiture Fund	Hiseville Cemetery Fund	Work Release Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 37,440	\$ 28,596	\$ 44,067	\$ 1,788	\$ 111,891
Investments			93,686		93,686
Total Assets	<u>37,440</u>	<u>28,596</u>	<u>137,753</u>	<u>1,788</u>	<u>205,577</u>
FUND BALANCES					
Unreserved:					
Special Revenue Funds	<u>37,440</u>	<u>28,596</u>	<u>137,753</u>	<u>1,788</u>	<u>205,577</u>
Total Fund Balances	<u>\$ 37,440</u>	<u>\$ 28,596</u>	<u>\$ 137,753</u>	<u>\$ 1,788</u>	<u>\$ 205,577</u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2007

BARREN COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

For The Year Ended June 30, 2007

	Local Government Economic Assistance Fund	Federal Drug Forfeiture Fund	Hiseville Cemetery Fund	Work Release Fund	Total Non-Major Governmental Funds
REVENUES					
Intergovernmental	\$ 97,000	\$	\$	\$	\$ 97,000
Charges for Services			11,750	9,572	21,322
Miscellaneous		16,930			16,930
Interest	304	275	5,108		5,687
Total Revenues	<u>97,304</u>	<u>17,205</u>	<u>16,858</u>	<u>9,572</u>	<u>140,939</u>
EXPENDITURES					
General Government				5,558	5,558
Protection to Persons and Property		26,304			26,304
Social Services			10,597		10,597
Roads	136,886				136,886
Total Expenditures	<u>136,886</u>	<u>26,304</u>	<u>10,597</u>	<u>5,558</u>	<u>179,345</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(39,582)</u>	<u>(9,099)</u>	<u>6,261</u>	<u>4,014</u>	<u>(38,406)</u>
OTHER FINANCING SOURCES (USES)					
Transfers To Other Funds				(2,830)	(2,830)
Total Other Financing Sources (Uses)				<u>(2,830)</u>	<u>(2,830)</u>
Net Change in Fund Balances	(39,582)	(9,099)	6,261	1,184	(41,236)
Fund Balances - Beginning	77,022	37,695	131,492	604	246,813
Fund Balances - Ending	<u>\$ 37,440</u>	<u>\$ 28,596</u>	<u>\$ 137,753</u>	<u>\$ 1,788</u>	<u>\$ 205,577</u>

The accompanying notes are an integral part of the financial statements.

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BARREN COUNTY
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2007

BARREN COUNTY
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2007

	Agency Funds			
	2004 Tax Escrow Fund	2005 Tax Escrow Fund	2006 Tax Escrow Fund	Total Agency Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 2,385	\$ 1,275	\$ 2,928	\$ 6,588
Total Assets	<u>2,385</u>	<u>1,275</u>	<u>2,928</u>	<u>6,588</u>
Liabilities				
Amounts Held In Custody For Others	<u>2,385</u>	<u>1,275</u>	<u>2,928</u>	<u>6,588</u>
Total Liabilities	<u>\$ 2,385</u>	<u>\$ 1,275</u>	<u>\$ 2,928</u>	<u>\$ 6,588</u>

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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Certified Public Accountants
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Facsimile (502) 499-9132
www.rosscpas.com

The Honorable Davie D. Greer, Barren County Judge/Executive
Members of the Barren County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Barren County, Kentucky, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 5, 2008. Barren County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barren County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Barren County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Barren County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

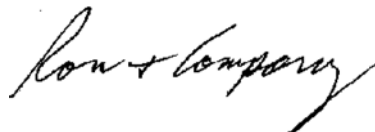
Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Barren County's financial statements for the year ended June 30, 2007, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Ross & Company". The signature is written in a cursive, flowing style.

Ross & Company, PLLC
Certified Public Accountants

February 5, 2008

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

BARREN COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2007**

Appendix A

CERTIFICATION OF COMPLIANCE

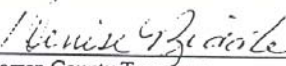
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

BARREN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2007

The Barren County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Barren County Judge/Executive


Barren County Treasurer